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VIII. PENSION FUND

Pension Trust Funds are used to account for resources that are required to be held in trust for the members and beneficiaries of particular benefit plans. The Village of Glen Ellyn has one pension trust fund for the Glen Ellyn Police Pension Fund, a defined benefit pension fund.

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GLEN ELLYN POLICE PENSION FUND

The Police Pension Fund is a Pension Trust Fund and is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future.

The Glen Ellyn Police Pension Fund is organized under state statute (40 ILCS 5/3-101) to provide “for the benefit of its police officers and of their surviving spouses, children, and certain other dependents”. Our Police Pension Fund is administered by a five-member Pension Board as defined by statute, and includes two members (typically residents) appointed by the Village Board, two active police officers, and one current beneficiary.

Money used to pay for the benefits of retired police officers comes from three sources:

- Active Police Officers –Police officers contribute 9.91% of their base salary in accordance with state statute. Note – Police Officers do not participate or contribute to Social Security, but do pay a Medicare tax of 1.45% of salary.
- Investment Income – Income generated by the Fund’s investment holdings. The pension fund investment portfolio has a longer-term focus, and broader ranges of investments are permitted, than that used for general Village investments. The portfolio has a targeted annual return of 6.5%.
- Village Contribution – According to calculations performed by an independent actuary, this is the amount needed to fully fund the plan (from a long-term time perspective) based on a set of interest earnings rate, salary rate increase, mortality, and other assumptions. For Fiscal Year 2020, we are budgeting a \$1.96 million contribution, which keeps the contribution flat from the prior year. The contribution is made from the Village’s General Fund to the Police Pension Fund.

Retirement Benefits

The Police Pension Plan, set by State law, provides retirement benefits at age 50, with a minimum of 20 years of service, at a rate of one half the annual salary attached to the rank held on the last day of service. The annual pension increases by 2.5% of the annual salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such annual salary. Generally, upon the attainment of age 55, retired Police Officers receive an annual compounded increase in their pension of 3% each January 1st. Changes in law have modified this benefit for officers who began employment after January 1, 2011. These modified benefits include normal retirement age of 55, non-compounding CPI-based cost of living increases after age 60, and benefits based on the average salary over the last eight years. There are 39 beneficiaries receiving a monthly police pension from the Glen Ellyn Police Pension Fund.

FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE

ORG	OBJECT	ACCOUNT DESCRIPTION	2018	2019	2019	2019	2020	2020
			ACTUAL	ORIG BUD	REV BUD	PROJECTION	BUDGET	% CHG 2019 ORG BUD
9000 POLICE PENSION REVENUES								
9000	440700	POLICE PENSION EE CONTRIBUTION	349,189	363,000	363,000	353,000	363,000	0.0%
9000	460100	INTEREST INCOME	18,536	14,500	14,500	10,000	15,000	3.4%
9000	460700	INVESTMENT INCOME - FIXED INC	272,694	350,000	350,000	300,000	350,000	0.0%
9000	460710	INVESTMENT INCOME-DIV/CAP	379,867	200,000	200,000	217,000	300,000	50.0%
9000	460725	REALIZED GAIN/LOSS ON INVESTMENT	2,899,268	500,000	500,000	500,000	500,000	0.0%
9000	460730	UNREALIZED GAIN/LOSS ON INV	(5,234,622)	923,500	923,500	1,800,000	835,000	-9.6%
9000	490700	TRANSFER TO POLICE PENSION	1,959,000	1,959,000	1,959,000	1,959,000	1,959,000	0.0%
TOTAL	POLICE PENSION REVENUE		643,933	4,310,000	4,310,000	5,139,000	4,322,000	0.3%
90000 POLICE PENSION EXPENSES								
90000	520600	DUES-SUBSCRIPTIONS-REG FEES	2,794	2,000	2,000	950	2,000	0.0%
90000	520605	ASSOCIATION DUES	-	800	800	800	800	0.0%
90000	520610	STATE OF IL FILING FEE	5,482	5,550	5,550	6,100	6,500	17.1%
90000	520625	TRAVEL	-	1,500	1,500	1,200	1,800	20.0%
90000	520700	LEGAL - GENERAL COUNSEL	627	800	800	800	800	0.0%
90000	520800	INVESTMENT MANAGER/ADVISOR	81,541	80,000	80,000	81,500	82,000	2.5%
90000	520815	CUSTODIAL ACCOUNT FEES	1,250	5,000	5,000	13,125	13,500	170.0%
90000	520820	ACTUARIAL FEES	4,500	6,000	6,000	3,500	5,200	-13.3%
90000	520830	ACCOUNTING SERVICES FEES	625	650	650	650	675	3.8%
90000	520880	FIDUCIARY INSURANCE	4,637	4,900	4,900	4,700	4,900	0.0%
90000	521055	PROFESSIONAL SERVICES - OTHER	600	1,000	1,000	675	1,000	0.0%
90000	521205	SERVICE PENSIONS	1,887,772	2,150,000	2,150,000	2,063,550	2,260,000	5.1%
90000	521210	DUTY DISABILITY PENSIONS	136,000	140,100	140,100	137,500	141,600	1.1%
90000	521215	SURVIVING SPOUSE PENSION	128,311	130,000	130,000	128,500	128,500	-1.2%
90000	521220	EMPLOYEE CONTRIBUTION REFUND	27,703	30,000	30,000	280,000	30,000	0.0%
TOTAL	POLICE PENSION EXPENSES		2,281,843	2,558,300	2,558,300	2,723,550	2,679,275	4.7%
CHANGE IN NET POSITION - POLICE PENSION FUND			(1,637,910)	1,751,700	1,751,700	2,415,450	1,642,725	-6.2%

Available Cash Analysis

Available, January 1, 2019	28,757,785
Preliminary FY2019 inflow / (outflow)	2,415,450
Budgeted FY2020 inflow / (outflow)	1,642,725
Projected Available, December 31, 2020	<u>32,815,960</u>

**FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE**

ACCOUNTS FOR:	2020 BUDGET
9000 POLICE PENSION REVENUES	
9000 440700 - POLICE PENSION EE CONTRIBUTION	363,000
PROJECTS A 2.25% INCREASE ON EST.	363,000
ACTUAL	
9000 460100 - INTEREST INCOME	15,000
BASED ON HISTORICAL RESULTS	15,000
9000 460700 - INVESTMENT INCOME - FIXED INC	350,000
BASED ON EST. ACTUAL AND ACHIEVING A 6.5% RETURN	350,000
9000 460710 - INVESTMENT INCOME-DIV/CAP	300,000
BASED ON HISTORICAL RESULTS AND	300,000
ACHIEVING 6.5% INVESTMENT RETURN	
9000 460725 - REALIZED GAIN/LOSS ON INVESTMENT	500,000
BASED ON HISTORICAL RESULTS AND	500,000
ACHIEVING 6.5% INVESTMENT RETURN	
9000 460730 - UNREALIZED GAIN/LOSS ON INV	835,000
BASED UPON ACHIEVING A 6.5% INVESTMENT	835,000
RETURN	
9000 490700 - TRANSFER TO POLICE PENSION	1,959,000
BASED UPON INVESTMENT RETURN OF 6.5%	1,959,000
TOTAL POLICE PENSION REVENUES	4,322,000
90000 POLICE PENSION EXPENSES	
90000 520600 - DUES-SUBSCRIPTIONS-REG FEES	2,000
TRAINING FOR TRUSTEES REQUIRED BY	2,000
ILLINOIS STATUTES	
90000 520605 - ASSOCIATION DUES	800
ILLINOIS PUBLIC PENSION FUND ASSOC	800
MEMBERSHIP WHICH ALLOWS TRUSTEES TO	
ATTEND TRAINING AT REDUCED RATES	
90000 520610 - STATE OF IL FILING FEE	6,500
FEE FOR SUBMISSION OF ANNUAL REPORT TO	6,500
THE ILLINOIS DEPARTMENT OF INSURANCE	
90000 520625 - TRAVEL	1,800
COVERS TRAVEL EXPENSES FOR TRUSTEES	1,800
WHILE AT REQUIRED TRAINING	
90000 520700 - LEGAL - GENERAL COUNSEL	800
INCIDENTAL LEGAL EXPENSES	800

**FUND: POLICE PENSION FUND
DEPARTMENT: FINANCE**

ACCOUNTS FOR:	2020 BUDGET
90000 520800 - INVESTMENT MANAGER/ADVISOR	82,000
MARQUETTE CONSULTANT FEES	50,000
OTHER MANAGER FEES	32,000
90000 520815 - CUSTODIAL ACCOUNT FEES	13,500
CUSTODIAL BANKING EXPENSES	13,500
90000 520820 - ACTUARIAL FEES	5,200
ENROLLED ACTUARY ENGAGED TO CALCULATE	3,200
THE ANNUAL CONTRIBUTION TO PENSION FUND	
AND PROVIDE REQUIRED	
INFO FOR ANNUAL AUDIT	
ADDITIONAL ACTUARIAL WORK AS REQUESTED	2,000
BY BOARD	
90000 520830 - ACCOUNTING SERVICES FEES	675
PREPARATION OF ANNUAL REPORT SUBMITTED	675
TO THE DEPARTMENT OF INSURANCE	
90000 520880 - FIDUCIARY INSURANCE	4,900
ANNUAL INSURANCE PREMIUM - BASED OF	4,900
PRIOR YEAR INCREASES OF 5-6%	
90000 521055 - PROFESSIONAL SERVICES - OTHER	1,000
MEDICAL EVALUATION AND OTHER INCIDENTAL	1,000
EXPENSES	
90000 521205 - SERVICE PENSIONS	2,260,000
INCLUDES KNOWN PENSION PAYMENTS AN	2,260,000
ESCALATOR FOR NEW RETIREMENTS	
90000 521210 - DUTY DISABILITY PENSIONS	141,600
ESTIMATED DUTY DISABILITY PENSION	141,600
PAYMENTS	
90000 521215 - SURVIVING SPOUSE PENSION	128,500
SURVIVING SPOUSE PENSION COSTS	128,500
90000 521220 - EMPLOYEE CONTRIBUTION REFUND	30,000
CONTRIBUTION REFUNDS REQUIRED BY	30,000
STATUTES. REFUNDS HAVE RANGED FROM	
20,000-\$74,000 DEPENDENT ON NUMBER OF REQUESTS	
TOTAL POLICE PENSION EXPENSES	2,679,275